

**Amendments to the Specification:**

Please amend the paragraph beginning on line 28 of page 4 as follows:

In the method of fabrication of a semiconductor device of the present invention, the following steps are performed in the following order: a compound semiconductor multilayer, comprising a first compound semiconductor layer including nitrogen and a second compound semiconductor layer formed on and differing in composition from the first compound semiconductor layer, is formed on a substrate; a first main electrode and a second main electrode, which are spaced apart from each other by a certain distance, are formed on the second compound semiconductor layer; an area of the second compound semiconductor layer between the first main electrode and the second main electrode is removed by dry etching to expose the surface of the first compound semiconductor layer; the partially exposed first compound semiconductor layer is annealed; at least part of the exposed surface of the first compound semiconductor layer is treated by exposure to nitrogen plasma, or by etching with nitrogen plasma; a gate electrode is formed on the treated part of the surface of the first compound semiconductor layer.